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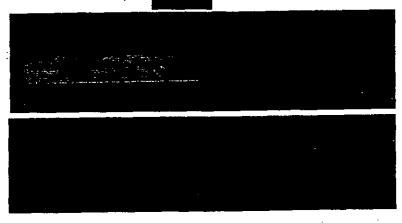
Special Analysis

CHILE:

New Political Season

The end of the summer vacation period has brought renewed antigovernment protests and increased the likelihood of violent demonstrations. The fall of Philippine President Marcos has convinced large sectors of the moderate opposition that the time is ripe for increased social mobilization, Church activism, and US pressure on the regime. The Communists remain committed to violence, and President Pinochet—despite signs of growing concern in the military about his intransigence—is adamantly opposed to political liberalization.

most moderate opposition parties will mount protests over the next few months, although they remain divided on the issue of cooperation with the far left. The moderates reportedly acknowledge that the violence that inevitably accompanies such protests may strengthen Pinochet's hand, but they believe inaction would cede the initiative to the Communists. Moreover, many think that developments in the Philippines have placed the government on the defensive and that their protests may be more effective than in the past.



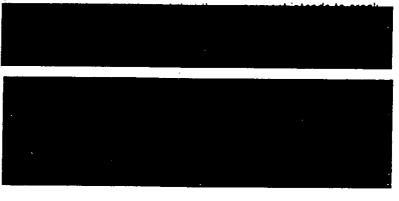


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Government Reactions

The government has already begun to arrest student leaders, journalists, and others in an effort to intimidate the opposition.



Outlook

The 1986 political season may be more agitated than any in recent years because terrorist activity will probably increase drastically. Unless Pinochet unexpectedly adopts a conciliatory stance, violence will increase and the country may become sharply polarized. Reimposition of the state of siege might alienate the junta and important military sectors, such as the Air Force and the paramilitary police. Even senior Army officers probably would question such a move, particularly if Pinochet also rejected new transition proposals by the Church and the moderate opposition.

